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C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 000432

SIPDIS

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TAGS: PGOV PREL EAID MOPS PK

SUBJECT: PROGRESS CONTINUES ON SOUTH WAZIRISTAN PROJECTS

Classified By: Ambassador Anne W. Patterson for reasons 1.4 (b) and (d)

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Summary

¶11. (C) On February 20, U.S. Economic and Development Assistance Coordinator Robin Raphael (AssistCoord) met with Army Director General of Staff Duties Major General Zubair and Federally Administered Tribal Area (FATA) Additional Chief Secretary (ACS) Habibullah Khan and their team to discuss South Waziristan Agency reconstruction projects. Based on the presentation by the Pakistani side, AssistCoord agreed that the USG would provide the requested 15 percent (\$8.25 million) lump sum mobilization advance to cover the costs of deploying the Frontier Works Organization to project sites and the purchase of required equipment as soon as the Ministry of Finance establishes the assignment account for the project. To address tribal parity, General Zubair and FATA ACS Khan proposed to include two additional projects in Wazir tribal areas in the initial phase of assistance * the Tank-Wana road and a second dam. General Zubair stated that all GOP project documentation associated with reconstruction projects would be finished by April 15, 2010 and committed to the first project monitoring trip by USAID's local contractor in mid April 2010. Border Coordinator Elizabeth Richard, USAID Mission Director Robert Wilson, USAID Deputy Mission Director - NWFP/FATA Ed Birgells, and Special Assistant Khashayar Ghashghai also attended the meeting. End Summary.

Pakistanis Military) Good Faith Effort

¶12. (C) General Zubair provided an update on current activities, stating that ground has been broken on two roads in South Waziristan Agency (SWA) and that 70 kilometers of road surveys were complete. He said that feasibility and political studies have been completed for a number of dams in SWA and that two sites have been selected. He reported that Planning Commission Pro Forma Number 1,s (PC1s) for electrification in SWA are now being verified by the Frontier Works Organization (FWO). (Note: A PC1 is a GOP approved roadmap for project implementation. End Note.)

¶13. (C) General Zubair highlighted Pakistani military efforts in positioning personnel and equipment in SWA, including a total of 1020 FWO staff, many of whom had been repositioned from Quetta where several projects had been cancelled due to insufficient development funds. He reiterated that these moves were made in advance of the receipt of USG assistance

funds and were proof that the GOP was serious in its efforts to hold territory gained in recent fighting.

Seeking More Assistance

¶4. (C) Stating the need to balance tribal issues, General Zubair asked that we consider adding two projects totaling \$44 million to the current \$55 million, bring the total for the first phase to \$99 million. \$31 million would pay for a road between Tank and Wana and \$13 million would pay for a dam in the Wazir area of Dana. These new projects would benefit Wazir tribal areas. General Zubair said it was important to begin work in both the Wazir areas and the Mehsud areas at the same time in order to avoid showing favoritism and asked for USG commitment to fund the projects as soon as possible.

Advancing Payment

¶5. (C) Based on the presentation of the Pakistani side, AssistCoord agreed that the USG would provide the 15 percent (\$8.25 million) mobilization advance in a lump sum as requested by General Zubair. (Note: On 11 February General Zubair specifically requested Ambassador Patterson to provide the advance in a lump sum rather than advance 15 percent of each of a series of individual PC-1 documents that will cover various elements of the first phase of the SWA effort. He cited the considerable costs already incurred and the fact that the individual PC-1s were taking more time than

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expected.) The funds will be provided to the FATA Secretariat as soon as the required assignment account is established by the Ministry of Finance.

The Reimbursement and Monitoring Process

¶6. (C) All parties once again agreed that future funding would be in the form of reimbursement for completed work and tied to approved PC1s and the verification of completed work by USG contractors. Once a PC1 is approved, project milestones would be negotiated by USAID and Pakistani technical experts. Once a project reaches a milestone, the completed work would be verified. The Project Management Unit (PMU) based in Dera Ismail Khan and USAID contractors would independently carry out the verification. Once verified, the FATA Secretariat would then be reimbursed for work completed. General Zubair committed to having the first project monitoring trip by USAID contractors in mid April with subsequent trips to be mutually decided.

Civilian to Civilian Assistance

¶7. (C) AssistCoord emphasized that the SWA assistance program needed to be, and be seen as, civilian led. She referenced recent news reports showing Chief of Army Staff (COAS) Kayani inaugurating the road projects and indicated it would have been helpful if officials from the FATA Secretariat had been present. AssistCoord reiterated that U.S. civilian assistance funds cannot go to military institutions. General Zubair stated he understood, saying that the FATA Secretariat was the military's &client8, and that Mr. Habibullah is in charge.

Comment

¶8. (C) The effort that has already taken place to get these SWA reconstruction projects off the ground demonstrates commitment of the Pakistani military to reconstruction in South Waziristan. The Pakistani military views the road between Tank and Makheen in particular to be strategically

important to their national security interests. This road will provide both civilian and military access to areas deep within South Waziristan and eventually into North Waziristan and is in their best interests.

¶9. (C) Delays thus far have resulted from the Frontier Works Organization taking more time than expected to complete the PC-1 planning documents, as well as survey work and required detailed designs. An additional delay in the agreed mobilization advance could occur if the Ministry of Finance is slow in opening the required assignment account into which the funds will be deposited, but we expect this should occur in a matter of days. Providing a mobilization advance before the PC-1 documents detailing the more precise cost and timelines for the project could set an unhelpful precedent, but Post believes it is necessary to keep essential momentum in SWA reconstruction effort going, and is committed to holding the line against further such exceptions in the future.

¶10. (C) The more challenging aspect of this effort will be agreeing on the milestones against which further funding can be reimbursed, and ensuring regular monitoring of the actual work on the road and other projects. While we have a very firm commitment by the Pakistan military to facilitate this monitoring on a regular basis, we will need to remain wary of possible excuses for them not to make good on this commitment. End Comment.

PATTERSON